Jupiter Midco 1 Limited

Annual report and financial statements

for the year ended 31 December 2018

Company number: 10296200

Jupiter Midco 1 Limited

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Jupiter Midco 1 Limited

Company information

Company registration number:	10296200
Registered office:	Charta House 30-38 Church Street Staines-Upon-Thames Middlesex England TW18 4EP
Directors:	Ayal Zylberman Chris Wilmot Christopher Clasper
Independent Auditors:	PricewaterhouseCoopers LLP 1 Embankment Place London England WC2N 6RH
Solicitors:	Travers Smith 10 Snow Hill London England EC1A 2AL
Bankers:	Silicon Valley Bank Alphabeta 14-18 Finsbury Square London England EC2A 1BR

Jupiter Midco 1 Limited

Strategic Report
For the year ended 31 December 2018

The Directors present their Strategic Report together with their Director's Report and audited consolidated financial statements of Jupiter Midco 1 Limited and its subsidiaries for the year ended 31 December 2018.

The company was incorporated in Great Britain and registered in England and Wales on 26 July 2016.

The directors have elected to present a parent company only balance sheet, a statement of changes of equity and accompanying notes separately from the consolidated financial statements. These can be found on page 66-72.

Review of the business and principal activities

The Company is a holding company and the principal activity of its subsidiary undertakings is that of software quality assurance consultancy, serving international clients from its offices in the United States, United Kingdom, Israel and India.

Results and performance

The figures set out in these financial statements are reported in USD thousands ($'000) unless otherwise stated. The functional currency for the group varies across the subsidiaries mainly between United States Dollar, British Pounds Sterling and New Israeli Shekel. The results of the Group for the current year, as set out on page 10 show a profit before tax of $1,287k (2017: loss of $406k). The pure play software testing market is estimated to be growing at a low double-digit percentage per annum and the Group is well positioned to capitalise on this and deliver profitable growth. The shareholders' funds of the Group total $2,266k (2017: $6,043k).

Key Performance Indicators

The Group uses a number of metrics to manage the business. The key metrics are shown below

	Year Ended 2018	Year Ended 2017
Revenue	156,122	113,080
Operating profit	8,622	5,354
Headcount (average)	2,292	1,808

The performance of the Group during 2018 was in line with expectations. The Directors aim to continue to increase the revenue and profitability of the business via organic and inorganic opportunities whilst controlling overheads and remaining comfortably within banking covenants.

Principal risks and uncertainties

The Group delivers software testing services across a variety of different market sectors and geographic locations including Europe, North America, Asia and the Middle East. This diversification cannot fully prevent the Group from being affected by economic factors in each of the sectors or geographic regions.

Financial risk management

The Group uses various financial instruments. These include loans, cash, overdraft facilities and various items such as accounts receivable and accounts payable that arise directly from its operations. The purpose of these financial instruments is to facilitate the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are market risk, currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies for managing each of these risks are summarised below.

Market risk

Market risk encompasses two types of risk: being fair value interest rate risk and currency risk. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled 'interest rate risk' below.

Currency risk

The Group trades mainly in United States Dollars, British Pounds Sterling and Israeli New Shekels. Although there are no structural foreign exchange instruments used to hedge the Group's exposure, the Group's operations have natural hedges due to revenues and costs generally being in the same currency.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability.

Interest rate risk

The Group finances its operations through a mixture of parent and third-party borrowings. The group manages interest rate risk by taking out derivative financial instruments, denominated in the currency related to the underlying facilities.

Credit risk

The Group's principal financial assets are cash and accounts receivable. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by the international credit rating agencies. The principal credit risk arises therefore from its accounts receivable. However, credit risk is minimal due to the nature of the clients and sectors in which the group companies operate and the services provided. Each trading entity is responsible for managing and analysing the credit risk of new clients before standard payment terms and conditions are offered.

Future developments

The Group intends to continue operating in the area of software testing, consolidating recent acquisitions to increase profitability and identify organic and inorganic opportunities for international growth.

Jupiter Midco 1 Limited

Strategic Report
For the year ended 31 December 2018

Approval
Approved by the Board and signed on its behalf by:

Chris Wilmot

Director

30 April 2019

Directors' Report

For the year ended 31 December 2018

The directors present their annual report on the affairs of the Group, together with the audited consolidated financial statements, parent company financial statements and Independent Auditors' reports, for the Year ended 31 December 2018.

Directors of the Company

The directors who served throughout the year and to the date of this report, except as noted were as follows:

Ayal Zylberman
Sanjay Jawa (resigned on May 9th, 2018)
Chris Wilmot (appointed on May 15th, 2018)
Chris Clasper (appointed on May 15th, 2018)

Results and Dividends

The loss for the year amounted to $1,898k (2017: loss of $1,108k). The directors declared and paid dividends of $Nil (2017: $1,407k).

Financial instruments

The Group finances its activities with a combination of bank loans, cumulative redeemable preference shares, cash and short-term deposits, as disclosed in note 17. Facilities are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as accounts receivable and accounts payable, arise directly from the Group's operating activities. Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out above, as are the objectives, policies and processes for their management and the methods used to measure each risk.

Research and development

The research and development of the group concentrates on developing testing tools and suitable quality assurance methods. The Group is investing in a knowledge and innovation project called QualiTest hub which will allow all employees to access and share their expertise.

Future developments

The Group's future developments have been reviewed in the Strategic Report on page 1.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Jupiter Midco 1 Limited

Directors' Report
For the year ended 31 December 2018

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and local newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

During the year ended 31 December 2018 the group made a loss of $1,898k (2017: loss of $1,108k). The group remains in a net asset position and the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the significant accounting policies in the financial statements.

Independent Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the board and signed on its behalf by:

Chris Wilmot
Director

30 April 2019

Jupiter Midco 1 Limited

Directors' Responsibilities Statement

For the year ended 31 December 2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Jupiter Midco 1 Limited

For the year ended 31 December 2018

Report on the audit of the group financial statements

Opinion

In our opinion, Jupiter Midco 1 Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 December 2018; the consolidated income statement and consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Jupiter Midco 1 Limited

For the year ended 31 December 2018

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Jupiter Midco 1 Limited

For the year ended 31 December 2018

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the parent company financial statements of Jupiter Midco 1 Limited for the year ended 31 December 2018.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2019

Jupiter Midco 1 Limited

Consolidated income statement

For the year ended 31 December 2018

	Note	Year Ended 2018 $'000	Year Ended 2017 $'000
Continuing operations			
Revenue	5	156,122	113,080
Cost of sales		(108,912)	(76,075)
Gross profit		47,210	37,005
Administrative expenses		(38,588)	(31,651)
Operating Profit	6	8,622	5,354
Finance costs	9	(7,335)	(5,760)
Profit/(loss) before tax		1,287	(406)
Tax	10	(3,185)	(702)
Loss for the year		(1,898)	(1,108)
(Loss)/profit attributable to:			
Owners of the Company		(3,184)	(2,371)
Non-controlling interests		1,286	1,263
		(1,898)	(1,108)

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

The notes on pages 16 to 62 form an integral part of these Financial Statements.

Jupiter Midco 1 Limited

Consolidated statement of comprehensive income
For the year ended 31 December 2018

	Year Ended 2018 $'000	Year Ended 2017 $'000
Loss for the year	**(1,898)**	**(1,108)**
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(780)	143
Actuarial valuations (losses)/gains	(241)	333
Other comprehensive (expense)/income for the year net of tax	**(1,021)**	**476**
Total comprehensive expense for the year	**(2,919)**	**(632)**
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(3,964)	(1,858)
Non-controlling interests	1,045	1,226
	(2,919)	(632)

The notes on pages 16 to 62 form an integral part of these Financial Statements.

Jupiter Midco 1 Limited

Consolidated balance sheet

As at 31 December 2018

Company number: 10296200

	Note	2018 $'000	2017 $'000
Non-current assets			
Goodwill	12	33,971	33,080
Other intangible assets	13	43,471	34,263
Property, plant and equipment	14	1,674	985
Deferred tax assets	18	941	448
Trade and other receivables	16	449	349
		80,506	69,125
Current assets			
Trade and other receivables	16	37,142	30,332
Cash and bank balances (excludes overdraft)		6,264	5,578
		43,406	35,910
Total assets		123,912	105,035
Current liabilities			
Trade and other payables	19	(25,624)	(17,492)
Current tax liabilities		(1,054)	(1,530)
Borrowings	17	(2,482)	(1,980)
Provisions	20	(1,719)	(2,647)
		(30,879)	(23,649)
Net current assets		12,527	12,261
Non-current liabilities			
Borrowings	17	(69,796)	(58,259)
Deferred tax liabilities	18	(9,381)	(9,029)
Trade and other payables	19	(11,590)	(8,055)
		(90,767)	(75,343)
Total liabilities		(121,646)	(98,992)
Net assets		2,266	6,043

Jupiter Midco 1 Limited

Consolidated balance sheet (continued)

As at 31 December 2018

	Note	2018 $'000	2017 $'000
Equity			
Ordinary shares	21	1,124	1,116
Other reserves		541	541
Accumulated losses:			
At start of year		(7,533)	(5,173)
Total comprehensive expense attributable to owners		(4,474)	(2,360)
		(12,007)	(7,533)
Equity attributable to owners of the Company		(10,342)	(5,876)
Non-controlling interests	15	12,608	11,919
Total equity		2,266	6,043

The directors acknowledge their responsibilities for:

a. ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and

b. preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 December 2018 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the company.

The financial statements of Jupiter Midco 1 Limited (company number: 10296200) on pages 10 to 62 were approved by the board of directors and authorised for issue on 30 April 2019. They were signed on its behalf by:

Chris Wilmot

Director

Jupiter Midco 1 Limited

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Note	Share Capital $'000	Other Reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 1 January 2018 (as previously reported)		1,116	541	(7,533)	(5,876)	11,919	6,043
Transition to IFRS 9	28	-	-	(510)	(510)	(101)	(611)
Restated total equity at the beginning of the financial year		1,116	541	(8,043)	(6,386)	11,818	5,432
(Loss)/Profit for the year		-	-	(3,184)	(3,184)	1,286	(1,898)
Other comprehensive loss for the year		-	-	(780)	(780)	(241)	(1,021)
Total comprehensive (loss)/income for the year		-	-	(3,964)	(3,964)	1,045	(2,919)
Transactions with owners:							
Share issue		8	-	-	8	-	8
Share buy back		-	-	-	-	(255)	(255)
Balance as at 31 December 2018		1,124	541	(12,007)	(10,342)	12,608	2,266

	Note	Share Capital $'000	Other Reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 1 January 2017		1,116	39	(5,173)	(4,018)	12,100	8,082
(Loss)/profit for the year		-	-	(2,371)	(2,371)	1,263	(1,108)
Other comprehensive income/(loss) for the year		-	502	11	513	(37)	476
Total comprehensive (loss)/income for the year		-	502	(2,360)	(1,858)	1,226	(632)
Dividends	11	-	-	-	-	(1,407)	(1,407)
Balance as at 31 December 2017		1,116	541	(7,533)	(5,876)	11,919	6,043

Jupiter Midco 1 Limited

Consolidated cash flow statement
For the year ended 31 December 2018

	Note	Year Ended 2018 $'000	Year Ended 2017 $'000
Net cash generated from operating activities	23	2,803	3,774
Investing activities			
Purchases of property, plant and equipment	14	(749)	(479)
Purchase of other intangibles	13	(1,242)	(150)
Acquisition of subsidiary	22	(4,707)	(1,485)
Acquisition of trade	22	(5,593)	-
Payment of deferred consideration		(1,879)	-
Net cash used in investing activities		(14,170)	(2,114)
Financing activities			
Dividends paid	11	-	(1,407)
Proceeds on issue of shares	37	8	-
Proceeds on issue of preference shares	36	248	-
Purchase of non controlling interest		(255)	-
New bank loans raised	17	14,881	1,171
Repayment of borrowings	17	(2,232)	(1,480)
Net cash generated from/(used in) financing activities		12,650	(1,716)
Net increase/(decrease) in cash and cash equivalents		1,283	(56)
Cash and cash equivalents at beginning of year		5,578	5,204
Effect of foreign exchange rate changes		(597)	430
Cash and cash equivalents at end of year		6,264	5,578

Notes to the consolidated financial statements
For the year ended 31 December 2018

1. General information

Jupiter Midco 1 Limited (the Company) is a private company limited by shares which is incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on the company information page. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 3.

These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised Standards

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following standards for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2'
- Annual Improvements 2014-2916 cycle, and
- Interpretation 22, 'Foreign Currency Transactions and Advance Consideration'

The Group had to change its accounting policies and make certain retrospective adjustments following adoption of IFRS 9 and IFRS 15 (see note 28). Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised IFRSs in issue and effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and *in some cases* had not yet been adopted by the EU:

IFRS 16 Effective 1 January 2019	*Leases* This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees, in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use' asset for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

2. *Adoption of new and revised Standards (continued)*

IFRS 16 Effective 1 January 2019 (continued)	For lessors, the accounting stays almost the same. However, because the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Details of the operating lease commitments of the Group at 31 December 2018 are shown in Note 24. Management have performed an assessment of the impact of bringing the existing operating leases held by the Group on balance sheet under IFRS 16. The group intends to apply the modified retrospective approach in which the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019 and comparatives are not restated. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The implementation is expected to increase assets by approximately $8m and increase financial liabilities by the same amount with no effect to net assets or retained earnings.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

3.1 Basis of accounting

The financial statements of Jupiter Midco 1 Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The principal accounting policies adopted are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounts policies. The area involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated finance statements, are disclosed on note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

3. Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income for the year are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders (that are present ownership interests) that entitle their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interest's is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

3. Significant accounting policies (continued)

3.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. This conclusion has been reached having used a variety of sources including annual budgets for 2019, management accounts and a five-year strategic plan.

Business combinations

Acquisitions of subsidiaries and operations which constitute a business are measured using the acquisition method. The cost of business combination is measured at the aggregate fair value (upon the exchange date) of assets transferred, liabilities incurred and equity instruments issue by the Group in consideration of attaining control of the acquired entity.

Transaction costs directly related to the business combination shall be recognised on the income statement when incurred.

Identifiable assets and liabilities of the acquired entity, which meet the conditions for recognition pursuant to IFRS 3 (Revised) "Business combinations", are recognised at fair value thereof upon the acquisition date.

Non-controlling interest in the acquired entity are initially measured, upon the business combination date, at their share of fair value of assets, liabilities and contingent liabilities of the acquired entity, excluding their share of goodwill.

Non-controlling interest which does not confer current equity interest, such as option warrants and the equity component of debentures convertible into shares of the acquired entity, are presented at fair value, except for share-based payments of the acquired entity measured upon the business combination date.

Contingent consideration with respect to business combinations, which is not classified as an equity instrument pursuant to provisions of IAS 32 "Financial instruments: Presentation" is measured at fair value in subsequent periods as well, with changes to fair value charged to the income statement. If the contingent consideration is classified as equity instrument, it is not re-measured in subsequent reported periods.

3. Significant accounting policies (continued)

3.4 Research and development

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;

- management intends to complete the software product and use or sell it
- there is an ability to use or sell the software product;

- it can be demonstrated how the software product will generate probable future economic benefits;

- *adequate technical, financial and other resources to complete the development* and to use or sell the software product are available; and

- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

3. Significant accounting policies (continued)

3.5 Intangible assets: Goodwill

Goodwill arising from business combinations is measured at the excess acquisition cost over Company share of net fair value of identifiable assets, liabilities and contingent liabilities of the consolidated company recognised upon the acquisition date. How goodwill is measured, in conformity with the aforementioned alternatives, is individually determined upon each business combination. If, upon reassessment, total Group rights in net fair value of identified assets, liabilities and contingent liabilities recognised exceeds the cost of business combination – the excess is immediately recognised in the income statement.

Goodwill is initially recognised as an asset at cost, and is subsequently measured at cost net of accumulated impairment loss.

For the purpose of impairment review, goodwill is assigned to each of the Group's cash-generating units for which a benefit is expected from the business combination synergy. Cash-generating units to which goodwill has been assigned are reviewed for impairment annually or more often if signs indicate potential impairment of said unit. If the recoverable amount of the cash-generating unit is lower than its carrying amount, the impairment loss is first assigned to reducing the carrying amount of any goodwill assigned to the cash-generating unit. Thereafter, the balance of impairment loss, if any, is assigned to other assets of the cash-generating unit pro-rata to their carrying amount. An impairment loss in respect of goodwill is not reversed in subsequent periods.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows from each cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.6 Revenue recognition

Revenue is measured using the fair value of proceeds received and/or the proceeds receivable by the Group for revenues from sale of goods or provision of services in the normal course of business. Revenues are stated net of discounts and value added taxes.

The group recognises revenue when performance obligations have been satisfied and for the Group this is when the goods or services have transferred to the customer and the customer has control of these. Revenue from providing services is recognised in the accounting period in which the services are rendered.

The transaction completion rate is determined as follows:

- Revenue from time and expense contracts is recognised based on contractual hourly rates for labour provided and direct cost incurred.
- Revenue from milestone-based contracts is recognised based on management assessment of the stage of completion of the contract.
- Revenue from fixed fee contracts and software resales without milestones are recognised evenly over life of the contract.

Revenues with respect to transactions in which the Group is the primary liable party, bearing the risk and reward associated with the transaction, are accounted for on gross basis.

3. Significant accounting policies (continued)

3.7 Finance income

Finance income are accumulated periodically, accounting for the principal to be repaid and using the effective interest method.

3.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

3.9 Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in US dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting); and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3. *Significant accounting policies (continued)*

3.9 Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.10 Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, in the countries where the company its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Significant accounting policies (continued)

3.11 Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.12 Property, plant and equipment

Fixed asset items are recognised at cost, net of accumulated amortisation and net of accumulated impairment loss. Cost includes the acquisition cost of the asset, as well as cost which is directly attributable to getting the asset to the location and state required for its operation in the manner intended by management.

3. Significant accounting policies (continued)

3.12 Property, plant and equipment (continued)

Depreciation of property, plant and equipment

Depreciation is calculated systematically, using the straight-line method over the expected useful life of the asset, starting on the date on which the asset is ready for its intended use, accounting for the expected residual value at the end of its useful life.

The useful life and depreciation rates are as follows:

	Useful life	Depreciation rates
Leasehold Improvements	6-7 years	15%
Computer Equipment	3 years	33%
Office furniture and equipment	14-15 years	7%

The residual value, depreciation method and useful life of the asset are reviewed by Company management on a regular basis.

Gain or loss generated from sale or obsolescence of a fixed asset item is determined by the difference between proceeds from its sale and its carrying amount upon the date of sale or obsolescence and is recognised in the income statement.

Subsequent expenditure

The replacement cost of part of a fixed asset item, which may be reliably estimated, is recognised as an increase to the carrying amount when incurred, if the future economic benefits attributed to this item are expected to inure to the entity. The costs of the day-to-day maintenance are recognised on the income statement as incurred.

3.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. Significant accounting policies (continued)

3.13 Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Customer Relationships

Following a business combination, the Group identifies any significant customer relationships or partnerships which will drive future revenues. The initial value of these assets is determined using an income valuation approach and subsequently amortised over their estimated useful economic life.

Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

3. Significant accounting policies (continued)

3.13 Intangible assets (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Other intangible amortisation policy

Other intangible assets are amortised over their estimated useful lives:

	Useful life
Client relationships	5 - 15 years
Trade-Marks	10 years
Other	3-10 years
Development costs	2 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Significant accounting policies (continued)

3.14 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVPL) and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired and is determined at the time of initial recognition.

a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

b) Financial assets at amortised cost

The following classifies its financial assets as at amortised cost only if both the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Groups accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 27.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3. Significant accounting policies (continued)

3.15 Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.16 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue. The Group has no contingent liabilities and has issued no guarantees under section 394CA or 479C of the Companies Act 2006 as at 31 December 2018.

3.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.18 Retirement benefit schemes

Defined contribution schemes

The group operates defined contribution retirement benefit schemes for all qualifying employees as required by local legislation. The assets of the schemes are held separately from those of the group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

Israel severance scheme
Labour laws in Israel and the Severance Pay Act, 1963 require the Company to pay severance to employees upon termination or retirement (see note 20).

3.19 Share Capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 3.2).

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Significant accounting policies (continued)

3.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.21 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

3.22 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

3.23 Dividends

a. Dividend income

Dividend revenues in respect of investments is recognised when the eligibility to receive the dividend is created.

b. Dividend expense

Final dividends to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Director's. Interim dividends are recognised when paid.

4. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Revenue recognition

A material amount of the group revenue is generated from milestone based contracts. The progress of these contracts is discussed on a monthly basis with clients. The group relies on operational managers to discuss progress with both our project managers and client project management and agree when a performance obligation has been met and when it is appropriate to recognise the revenue for the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current period is appropriate.

(ii) The valuation of intangible assets under business combinations

During the period the group has made two acquisitions (see note 22).

Critical estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3.13. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates (note 13).

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5. Revenue

An analysis of the group's revenue is as follows:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Continuing operations		
Software testing services	156,122	113,080

Geographical analysis of revenue by origin:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Country:		
Israel	63,008	59,607
USA	53,497	24,496
UK	37,449	27,308
Other	2,168	1,669
	156,122	113,080

6. Operating Profit

Operating profit for the year has been arrived at after charging:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Depreciation of property, plant and equipment	471	270
Amortisation of intangible assets (included in Administrative expenses)	4,831	2,733
Operating lease rentals	2,308	1,965

7. Auditors' remuneration

The analysis of the auditors' remuneration is as follows:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	60	42
Fees payable to the company's auditors and their associates for other services to the group		
–The audit of the company's subsidiaries	145	112
Total audit fees	205	154
- Audit-related assurance services	10	21
- Taxation compliance services	37	20
- Corporate finance services	-	-
Total non-audit fees	47	41

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

8. Staff costs

The average monthly number of employees (including executive directors) was:

	Year Ended 2018	Year Ended 2017
Senior Management	25	17
Software testers	2,109	1,683
Sales and administration	158	108
	2,292	1,808

8. Staff costs (continued)

Their aggregate remuneration comprised:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Wages and salaries	89,662	65,089
Social security costs	6,545	3,934
Other pension costs	5,332	4,539
Other Benefits	1,863	1,666
	103,402	75,228

9. Finance costs

	Year Ended 2018 $'000	Year Ended 2017 $'000
Interest on bank overdrafts and loans	2,930	1,924
Dividends on redeemable cumulative preference shares classified as financial liabilities (note 27)	4,405	3,836
Total Finance costs	7,335	5,760

10. Tax

	Year Ended 2018 $'000	Year Ended 2017 $'000
Corporation tax:		
Current year	4,217	1,941
Deferred tax (see note 18)	(1,032)	(1,239)
	3,185	702

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Tax (continued)

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to provide of the consolidated entities as follow:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Profit/(Loss) before tax on continuing operations	1,287	(406)
Tax at the UK corporation tax rate of 19% (2017 - 19.25 %)	245	(78)
Tax effect of expenses that are not deductible in determining taxable profit	755	969
Effect of rate changes	73	(319)
Current year accelerated capital allowances	276	-
Prior year adjustment – current tax	1,033	-
Prior year adjustment – deferred tax	330	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	473	130
Tax expense for the year	3,185	702

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on September 2016). These included reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

11. Dividends

	Year Ended 2018 $'000	Year Ended 2017 $'000
Amounts recognised as distributions to equity holders in the year	-	1,407

12. Goodwill

	$'000
Cost	
At 1 January 2018	**33,080**
Recognised on acquisition of subsidiaries during the year	**891**
At 31 December 2018	**33,971**
Carrying amount	
At 31 December 2018	**33,971**
At 1 January 2018	**33,080**

	$'000
Cost	
At 1 January 2017	31,728
Exchange differences	349
Recognised on acquisition of subsidiaries during the year	1,003
At 31 December 2017	33,080
Carrying amount	
At 31 December 2017	33,080
At 1 January 2017	31,728

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The above goodwill arose in 2016 following acquisition of Qualitest Limited and Test Direct Limited (Qualitest Group UK Ltd). The directors have considered if there are any indications of impairment between the above acquisition dates and the year end. The Directors review the business performance based on geography and have prepared and reviewed forecasts covering a five year period as part of their assessment. The material CGUs identified by management are the Israel, US and UK regions. The key assumptions in the forecasts were organic EBITDA growth of 5% and a discount factor of 12%. The directors did not identify any indications of impairment and will continue to perform annual reviews in accordance with IAS 36.

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13. Other intangible assets

2018	Client relationships $'000	Trademarks $'000	Development costs $'000	Other $'000	Total $'000
Cost					
At 1 January 2018	26,536	8,454	-	2,481	37,471
Acquisitions (note 22)	12,864	-	-	-	12,864
Additions	-	-	506	736	1,242
Exchange differences	(53)	-	(5)	(15)	(73)
At 31 December 2018	39,347	8,454	501	3,202	51,504
Accumulated amortisation					
At 1 January 2018	2,117	1,054	-	37	3,208
Charge for the year	3,511	867	-	453	4,831
Exchange differences	-	-	-	(6)	(6)
At 31 December 2018	5,628	1,921	-	484	8,033
Carrying amount					
At 31 December 2018	33,719	6,533	501	2,718	43,471
At 1 January 2018	24,419	7,400	-	2,444	34,263

2017	Client relationships $'000	Trademarks $'000	Other $'000	Total $'000
Cost				
At 1 January 2017	24,752	8,430	2,324	35,506
Acquired on acquisition of a subsidiary	1,715	-	-	1,715
Additions	-	-	150	150
Exchange differences	69	24	7	100
At 31 December 2017	26,536	8,454	2,481	37,471
Accumulated amortisation				
At 1 January 2017	411	211	69	691
Charge for the year	1,872	843	18	2,733
Exchange differences	(166)	-	(50)	(216)
At 31 December 2017	2,117	1,054	37	3,208
Carrying amount				
At 31 December 2017	24,419	7,400	2,444	34,263
At 1 January 2017	24,341	8,219	2,255	34,815

14. Property, plant and equipment

2018	Computer equipment $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Cost:				
At 1 January 2018	653	431	260	1,344
Acquisition of subsidiary	27	-	-	27
Additions	703	383	48	1,134
Exchange differences	(39)	(23)	(36)	(98)
At 31 December 2018	1,344	791	272	2,407
Accumulated depreciation and impairment:				
At 1 January 2018	206	127	26	359
Charge for the year	188	202	81	471
Exchange differences	(38)	(23)	(36)	(97)
At 31 December 2018	358	306	71	733
Carrying amount				
At 31 December 2018	988	485	201	1,674
At 31 December 2017	447	304	234	985

2017	Computers equipment $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Cost:				
At 1 January 2017	366	223	176	765
Acquisition of subsidiary	18	33	18	69
Additions	260	163	56	479
Write-offs	(11)	-	-	(11)
Exchange differences	20	12	10	42
At 31 December 2017	653	431	260	1,344
Accumulated depreciation and impairment:				
At 1 January 2017	92	6	1	99
Charge for the year	124	121	25	270
Write-offs	(10)	-	-	(10)
At 31 December 2017	206	127	26	359
Carrying amount:				
At 31 December 2017	447	304	234	985
At 31 December 2016	274	217	175	666

15. Subsidiaries

The group consists of a parent company, Jupiter Midco 1 Limited (company), incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by Jupiter Midco 1 Limited, which operate and are incorporated around the world. The company's separate financial statements included in this report lists details of the interests in subsidiaries.

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	Number of wholly-owned subsidiaries
		Year Ended 2018	Year Ended 2017
Software testing services	Israel	1	1
Software testing services	United States	3	3
Software testing services	United Kingdom	4	3
Software testing services	India	1	1
Software testing services	Romania	1	-
Holding company	Israel	1	1
Holding company	United States	1	1
Holding company	United Kingdom	3	3
Dormant company	Israel	1	1
Dormant company	United Kingdom	1	1
Dormant company	United States	1	1
Dormant companies	Netherlands	3	3

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of *incorporation* and principal place of business	Proportion of ownership interests *and voting rights* held by non-controlling interests	Profit allocated to non-controlling interests	*Accumulated* non-controlling interests
		31/12/18	31/12/18	31/12/18
			$'000	$'000
Qualitest Ltd	*Israel*	*16.1%*	*1,045*	*12,608*

15. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests
		31/12/17	31/12/17	31/12/17
			$'000	$'000
Qualitest Ltd	Israel	16.5%	1,263	11,919

There are no significant restrictions on the ability of the group to access or use assets and settle liabilities.

All Subsidiary undertakings are included in the consolidation. The names of all of the Group's subsidiary holdings can be found on page 72.

16. Trade and other receivables

	2018 $'000	2017 $'000
Amount receivable for the sale of goods	27,234	22,105
Allowance for doubtful debts	(863)	(413)
	26,371	21,692
Accrued Income	9,948	8,047
Other debtors	219	77
Prepayments	604	516
	37,142	30,332

Trade receivables

Total Group trade receivables (net of provision for doubtful debt) as of December 31, 2018 amounted to $26,371k (2017-$21,692k), including the aforementioned amounts.

The specified credit terms for Company customers are typically 30-60 days.

Out of total trade receivables as of December 31, 2018, $2,942k (2017-$3,154k) was overdue but not provided for as a doubtful debt. Management regularly reviewed receivables and assesses recoverability. The above provision has been deemed adequate.

16. Trade and other receivables (continued)

The Company has contracted, through its subsidiary, trade receivables factoring transactions with a bank, whereby the Company sells part of its trade receivables. As of December 31, 2018, the factoring transaction amounts to USD $1,989k (2017-2,165k).

Total Group trade receivables non-current as of December 31, 2018 amounted to $449k (2017-$349k).

All non-current receivables are due within five years from the end of the reporting period.

17. Borrowings

	2018 $'000	2017 $'000
Unsecured borrowing at amortised cost		
Redeemable cumulative preference shares	31,910	31,662
Secured borrowing at amortised cost		
Bank loans	40,368	28,577
Total borrowings	72,278	60,239
Amount due for settlement within 12 months	2,482	1,980
Amount due for settlement after 12 months	69,796	58,259

2018	Sterling $'000	Israeli New Shekels $'000	US dollars $'000	Total $'000
Analysis of borrowings by currency:				
Redeemable cumulative preference shares	-	-	31,910	31,910
Bank loans	11,132	10,825	18,411	40,368
	11,132	10,825	50,321	72,278

17. Borrowings (continued)

2017	Sterling $'000	Israeli New Shekels $'000	US dollars $'000	Total $'000
Analysis of borrowings by currency:				
Redeemable cumulative preference shares	-	-	31,662	31,662
Bank loans	5,300	12,722	10,555	28,577
	5,300	12,722	42,217	60,239

The bank loans balance above is shown net of arrangement fee of $1,235k (2017: $1,243k) which amortised over the 5-year term of the financing facility.

The principal features of the group's borrowings are as follows.

(i) The group's principal bank loans are comprised 8 different facilities:

1) A secured loan of $3.1m (2017-$4.0m) denominated in USD.
2) A secured loan of $3.1m (2017-$4.4m) denominated in ILS.

These loans were undertaken to fund the acquisition of QualiTest Ltd. These loans were all taken out on 28 September 2016. Capital repayments on these facilities are paid twice annually in March and September. Repayments commenced on 31 March 2017 and will continue until 30 September 2021. The loan carries interest rate at 4.0 per cent above 3 months LIBOR for the USD denominated loan and TELBOR for the ILS denominated loan.

3) A secured loan of $7.8m (2017-$7.8m) denominated in USD.
4) A secured loan of $7.7m (2017-$8.4m) denominated in ILS.

These loans were undertaken to fund the acquisition of QualiTest Ltd. These loans were also taken out on 28 September 2016. Capital is repayable in full at the end of the loan term in September 2021. The loan carries interest rate at 4.5 per cent above 3 months LIBOR for the USD denominated loan and TELBOR for the ILS denominated loan.

5) A secured loan drawdown of $2.4m (2017 - Nil) denominated in part USD and part GBP on revolving credit facility.

As at 31 December 2018 the banks had made available a total of $2.5m in the form of a Revolving Credit Facility (RCF) which can be drawn down at any point up until September 2021. Any drawdowns on this facility are repayable in full at the end of the loan term in September 2021. The loan carries interest rate at 4.0 per cent above 3 months LIBOR. Post year end the banks increased the RCF by $5.0m to a total of $7.5m.

17. Borrowings (continued)

(i) The group's principal bank loans are comprised 6 different facilities: (continued)

6) A secured loan drawn of $10.0m (2017-$4.9m) denominated in part GBP and part USD.

The bank has provided the Group with an Acquisition Facility totalling $10.0m which can be drawn down at any point up until September 2021. $3.9m was drawn down and used to fund the acquisition of Test Direct Limited in November 2016. A further $1m was drawn down in June 2017 to fund the acquisition of Experior Group Limited. On 5 July 2019 $5.1m was drawn down to fund the QTSE acquisition (see note 22). Any drawdowns on this facility are repayable in full at the end of the loan term in September 2021. The loan carries interest rate at 4.0 per cent above 3 months LIBOR.

7) A secured loan drawn of $5.1m (2017-$nil) denominated in GBP.

This loan was undertaken to fund the acquisition of NCC GROUP SDLC LIMITED (see note 22). This loan was taken out on 24 May 2018. Capital is repayable in full at the end of the loan term in September 2021. The loan carries interest rate at 4.5 per cent above 3 months LIBOR.

8) A secured loan drawn of $2.7m (2017-$nil) denominated in USD.

This loan was undertaken to fund the working capital requirements of the QTSE asset purchase (see note 22). This loan was all taken out on 5 July 2018. Capital repayments on this facility is paid twice annually in March and September. Repayments commenced on 30 September 2018 and will continue until 30 September 2021. The loan carries interest rate at 4.0 per cent above 3 months LIBOR.

All of the above loans for part of Senior Funding Agreement and are secured by a floating charge over certain of the group's assets. The group is required to maintain net debt leverage, interest cover and capital expenditure ratios, which all vary over the term of the overall facility.

(ii) Redeemable cumulative preference shares of $31.7m were issued in September 2016 at an issue price of $1 per share. A further $0.2m were issued in July 2018 also at an issue price of $1 per share. The shares carry 12 per cent interest per annum.

The weighted average interest rates paid during the year were as follows:

	2018	2017
	%	%
Redeemable cumulative preference shares	12.0	12.0
Bank loans	5.8	5.5

On 23 December 2016, the Group entered into the following interest rate swaps:

- Notional value of ILS 46,977,500 at a fixed rate of 0.59% and a maturity date of 30 September 2019.
- Notional value of USD 12,500,000 at a fixed rate of 1.74% and a maturity date of 30 September 2019.

Interest rate swaps have a fair value of $Nil as at 31 December 2018 (2017- $Nil).

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

Deferred tax liabilities

2018	Balance as of January 01,2018 $'000	Acquisition of subsidiary $'000	(Credit)/charge to profit or loss $'000	Balance as of December 31, 2018 $'000
Provisions	152	-	(19)	133
Amortization of excess cost of subsidiary	7,067	891	(412)	7,546
Other assets – subsidiary	18	-	-	18
Overseas assessments on cash basis	1,792	-	(108)	1,684
	9,029	891	(539)	9,381

2017	Balance as of January 01,2017 $'000	Acquisition of subsidiary $'000	Charge/(credit) to profit or loss $'000	Balance as of December 31, 2017 $'000
Provisions	166	-	(14)	152
Amortization of excess cost of subsidiary	7,388	292	(613)	7,067
Other assets – subsidiary	20	-	(2)	18
Overseas assessments on cash basis	1,954	-	(162)	1,792
	9,528	292	(791)	9,029

Deferred tax assets

2018	Balance as of January 01,2018 $'000	Acquisition of subsidiary $'000	Credit/(charge) to profit or loss $'000	Balance as of December 31, 2018 $'000
Tax losses	448	-	493	941

18. Deferred tax (continued)

Deferred tax assets (continued)

2017	Balance as of January 01,2018 $'000	Credit/(charge) to profit or loss $'000	Balance as of December 31, 2018 $'000
Tax losses	-	448	448

No deferred tax liability is recognised on temporary differences of $6m (2017-$17m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

19. Trade and other payables

	2018 $'000	2017 $'000
Trade payables	2,989	4,539
Employees and other payroll liabilities	9,284	4,475
Accrued expenses	5,851	4,863
Other payables	2,634	1,615
Contingent Consideration	4,866	2,000
Current trade payables	25,624	17,492
Non-current trade and other payables:		
Contingent consideration	2,379	3,249
Accrued interest	9,211	4,806
	11,590	8,055
Total trade and other payables	37,214	25,547

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

20. Provisions

	Year Ended 2018 $'000	Year Ended 2017 $'000
Severance pay	1,256	2,647
Other	463	-
	1,719	2,647

The severance pay provision has been calculated using actuarial estimates provided by a qualified actuary. The present value of the defined benefit liability and the related cost of current and past service were measured using the projected unit credit method.

21. Share capital

	Year Ended 2018 $'000	Year Ended 2017 $'000
Issued and fully paid:		
973,829 (2017- 966,329) A ordinary shares of $1 each	974	966
150,000 (2017- 150,000) B ordinary shares of $1 each	150	150
	1,124	1,116

A Ordinary Shares carry 1 (2017-1) voting right each whereas B Ordinary Shares do not entitle the owner to any voting rights.

Additionally, the Company has authorised, issued and fully paid $31.9million redeemable cumulative preference shares of $1 each classified as liabilities. These shares do not carry voting rights. Further details are provided in note 17. The Company may redeem these shares at any time on not less than 25 business days' notice in writing to the holders of the Preference Shares. The Company shall redeem all of the Preference Shares in issue immediately to an Exit or Default Event. On redemption, the holders will be paid 100% of the issue price and any accrued and/or unpaid preference dividends.

22. Acquisitions

QualiTest UK 4 Limited (QT4) – Share purchase

On 24 May 2018 the Group acquired 100% of the share capital of QT4 Limited (formerly NCC Group SDLC Limited). The company is a leading provider of tailored solutions in software testing, quality assurance and test consultancy in the UK, including performance and functional testing, bespoke automation tools and digital transformation assurance services. As described in the Strategic Report QT4 was acquired by the Group due to increase the Group's market share in UK and to benefit from synergies possible across the UK subsidiaries.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	$'000
Trade and other receivables	4,099
Property, plant and equipment	44
Client relationships	3,574
Trade and other payables	(2,802)
Total identifiable assets	4,915
Goodwill	891
Deferred tax liability (see note 18)	(891)
Total consideration	4,915
Satisfied by:	
Cash	4,915
Total purchase consideration	4,915
Net cash outflow arising on acquisition:	
Cash consideration	4,915
Less: cash and cash equivalent balances acquired	(208)
	4,707

22. Acquisitions (continued)

Acquisition-related costs (included in administrative expenses) amount to $0.3m.

QT4 contributed $7.7m revenue to the Group from the date of acquisition until the end of the year and made profit of $0.3m during the same period.

If QT4 had been consolidated from 1 January 2018, the consolidated statement of income would show pro-forma revenue of $14.2m.

QualiTest South East – Asset purchase

On 5 July 2018 the Group acquired certain customer, supplier and employee contracts from the Testing Services Division of Orasi Software, Inc., an Atlanta-based software reseller and professional services company, naming the division QualiTest South East (QTSE). The group made the acquisition via Ibase Operations Corp. As described in the Strategic Report the acquisition was to increase the Group's market share in US and to benefit from synergies possible across the US subsidiaries.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	$'000
Client relationships	9,290
Trade and other payables	(100)
Total identifiable assets	9,190
Goodwill	-
Total consideration	9,190
Satisfied by:	
Cash	5,593
Contingent consideration	3,597
Total purchase consideration	9,190
Net cash outflow arising on acquisition:	
Cash consideration	5,593
Less: cash and cash equivalent balances acquired	-
	5,593

22. Acquisitions (continued)

Acquisition-related costs (included in administrative expenses) amount to $0.5m.

QTSE contributed $13.1m revenue to the Group from the date of acquisition until the end of the year and made profit of $2.4m during the same period.

If QTSE had been consolidated from 1 January 2018, the consolidated statement of income would show pro-forma revenue of $22.2m.

23. Net cash generated from operating activities

	Year Ended 2018 $'000	Year Ended 2017 $'000
Loss for the year	(1,898)	(1,108)
Adjustments for:		
Depreciation of property, plant and equipment	471	270
Amortisation of intangible assets	4,831	2,733
(Decrease)/Increase in provisions	(928)	2,107
Finance costs	7,335	5,760
Income tax expense	3,185	702
Operating cash flows before movements in working capital	12,996	10,464
Increase in receivables	(4,642)	(5,306)
Increase in payables	1,972	2,350
Cash generated by operations	10,326	7,508
Income taxes paid	(4,593)	(1,809)
Interest paid	(2,930)	(1,925)
Net cash from operating activities	2,803	3,774

Cash and cash equivalents comprise cash. The group did not have an overdraft as at 31 December 2018. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

24. Operating lease arrangements

The group as lessee

	Year Ended 2018 $'000	Year Ended 2017 $'000
Lease payments under operating leases recognised as an expense in the year	2,308	1,965

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Within one year	3,040	1,562
In the second to fifth years inclusive	6,813	3,821
After five years	393	139
	10,246	5,522

Operating lease payments represent rentals payable by the group for properties and cars. Leases are negotiated for an average term of 2.5 years and rentals are fixed for an average of 2.5 years.

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25. Financial Instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 17 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	Year Ended 2018 $'000	Year Ended 2017 $'000
Financial assets		
Cash and bank balances	6,264	5,578
Loans and receivables	27,902	30,070
Financial liabilities		
Accounts payable and borrowings	(93,907)	(99,356)

Financial risk management objectives

The Group Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using natural hedges against these risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below).

25. Financial Instruments (continued)

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. At the time of this report the Group was still reviewing its risk policy on using forward foreign exchange contracts or similar financial instruments. The Group has denominated its borrowings in currencies which match with the currencies we trade in to create a "natural hedge".

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities Year Ended 2018 $'000	Assets Year Ended 2018 $'000
Israeli New Shekel	(10,776)	13,635
US Dollars	(21,363)	13,458
British Pound	(12,138)	4,553
India Rupee	(315)	1,325

	Liabilities Year Ended 2017 $'000	Assets Year Ended 2017 $'000
Israeli New Shekel	(22,517)	17,097
US Dollars	(69,263)	5,322
British Pound	(7,256)	11,860
India Rupee	(320)	1,980

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The Group closely monitors the impact of changing interest rates on the bank covenant and is reviewing its risk policy and the use of derivative contracts.

The Group's exposures to interest rates on its financial liabilities are detailed in the liquidity risk management section of this note.

25. Financial Instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed ten per cent of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. As disclosed in the note 17 the Group uses swap facilities to fix the rate of interest on its borrowings with lenders. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

25. Financial Instruments (continued)

2018	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000
31 December 2018					
Non-interest bearing		14,900	-	-	14,900
Variable interest rate instruments	6%	2,482	39,121	-	41,603
Fixed interest rate instruments	12%	-	-	41,121	41,121
		17,382	39,121	41,121	97,624

2017	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000
31 December 2017					
Non-interest bearing		28,257	6,054	-	34,311
Variable interest rate instruments	6%	1,980	26,597	-	28,577
Fixed interest rate instruments	12%	-	-	36,468	36,468
		30,237	32,651	36,468	99,356

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

The Group has access to financing facilities as described below, of which $nil (2017-$9.7m) were unused at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

25. Financial Instruments (continued)

Financing facilities

	Year Ended 2018 $'000	Year Ended 2017 $'000
Secured bank loan facilities with various maturity dates through to 2021 and which may be extended by mutual agreement:		
- amount used	45,560	28,577
- amount unused	-	9,713
	45,560	38,290

26. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates are disclosed below.

Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	Year Ended 2018 $'000	Year Ended 2017 $'000
Salaries, fees, bonuses and benefits in kind	1,097	961
Pension contributions	41	38
	1,138	999

During the year the highest paid Director received remuneration totalling $568k (2017: $540k) including contributions made in respect of money purchase schemes of $31k (2017: $Nil).

Three directors were members of a money purchase scheme. Contributions into the scheme totalled $41k (2017: $38k).

Other related party transactions

Management fees totalling $160k (2017-$332k) were paid to an investment company of one of the directors.

26. Related party transactions (continued)

Management fees totalling $1,199k (2017-$996k) were paid to Marlin Equity Partners.

Dividends totalling $Nil (2017-$1.4m) were paid during the year in respect of ordinary shares in Qualitest Ltd held by one of the Company's directors.

During the year the Group made purchases totalling $36k (2017-$56k) from a supplier which is controlled by a director of Jupiter Midco 1 Limited under normal commercial terms.

During the year the Group made sales totalling $160k (2017-$Nil) to a customer which is controlled by a director of Jupiter Topco Limited under normal commercial terms.

Included in other payables is $1.4m (2017-$2.8m) which relates to contingent consideration payable to the sellers of Qualitest Ltd.

A preference share dividend payable to the Parent of $4.4m (2017-$3.8m) was expensed during the year. Included in non-current borrowings (note 17) are preference shares amounting to $31.9m. Preference share dividend interest amounting to $9.2m (2017 – $4.8m) owed to the parent is included in non-current payables (note 19).

27. Controlling party

The Company's ultimate parent Company and ultimate controlling party is Marlin Heritage Cayman AIV, LP., a Company incorporated in the Cayman Islands. The parent undertaking of the smallest and largest group, which includes the Company and for which group financial statements are prepared, is Jupiter Topco Limited, a Company incorporated in Great Britain Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP. Copies of the group financial statements of Jupiter Topco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's immediate controlling party is Jupiter Topco Limited.

28. Changes in Accounting Policies

The Group has adopted IFRS 15 and IFRS 9 for the first time in these financial statements. No transition adjustments arose on the adoption of IFRS 15, 'Revenue from Contracts with Customers'.

IFRS 9, 'Financial Instruments'

As a result of changes in the Group's accounting policies, some of the opening balances had to be restated. The following tables show the adjustments recognised for each financial statement line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided.

	31 December 2017 As originally presented $'000	IFRS 9 transition adjustment $'000	1 January 2018 Restated $'000
Balance sheet (extract)			
Current assets			
Trade and other receivables	30,332	(611)	29,721
Total Assets	**105,035**	**(611)**	**104,424**
Net current assets	**12,261**	**(611)**	**11,650**
Net assets	**6,043**	**(611)**	**5,432**
Equity			
Non-controlling interests	11,919	(101)	11,818
Equity attributable to owners of the Company	(5,876)	(510)	(6,386)
Total Equity	**6,043**	**(611)**	**5,432**

The group has applied IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivable and contract assets. This resulted in an increase of the loss allowance on 1 January 2018 of $611k.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

29. Subsidiary companies audit exemptions

The Company has provided the following subsidiaries with a parental guarantee in accordance with section 479C of the Companies Act. As such, advantage has been taken by the audit exemption available for the following subsidiary companies conferred by section 479A of the Companies Act relating to the audit of individual financial statements:

Subsidiary undertaking name	Registration number
Jupiter Midco 2 Limited	10238800
Jupiter Holdco Limited	10238811
Experior Group Limited	05419369
Experior Limited	04481216
Qualitest Group UK Limited	04394772
TCL Group Limited	05882567
Qualitest Software Testing Limited	03929849
Qualitest UK 4 Limited	04203893

The directors acknowledge their responsibilities for:

a. ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and

b. preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 December 2018 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the company.

Independent auditors' report to the members of Jupiter Midco 1 Limited

For the year ended 31 December 2018

Report on the audit of the parent company financial statements

Opinion

In our opinion, Jupiter Midco 1 Limited's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the parent company's affairs as at 31 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the parent company balance sheet as at 31 December 2018; and the parent company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the parent company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Jupiter Midco 1 Limited
For the year ended 31 December 2018

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Jupiter Midco 1 Limited
For the year ended 31 December 2018

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Jupiter Midco 1 Limited for the year ended 31 December 2018.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2019

Jupiter Midco 1 Limited

Parent company balance sheet

As at 31 December 2018

	Note	2018 $'000	2017 $'000
Non-current assets			
Investments in subsidiaries	32	1,124	1,116
Other investments	33	31,910	31,662
Trade and other receivables	34	9,211	4,788
		42,245	37,566
Current assets			
Trade and other receivables	34	325	325
Total assets		42,570	37,891
Current liabilities			
Trade and other payables	35	327	327
Total assets less current liabilities		42,243	37,564
Non-current liabilities			
Trade and other payables	35	9,211	4,788
Borrowings	36	31,910	31,662
		41,121	36,450
Total liabilities		41,448	36,777
Net assets		1,112	1,114
Equity			
Share capital	37	1,124	1,116
Accumulated losses			
At 1 January		(2)	(2)
Result for the year		-	-
Equity attributable to owners of the Company		1,122	1,114

The financial statements of Jupiter Midco 1 Limited (registered number 10296200) on page 66 to 72 were approved by the board of directors and authorised for issue on 30 April 2019. They were signed on its behalf by:

Chris Wilmot, Director

Jupiter Midco 1 Limited

Parent company statement of changes in equity

For the year ended 31 December 2018

2018	Share capital $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2018	1,116	(2)	1,114
Shares Issues	8	-	8
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 December 2018	1,124	(2)	1,122

2017	Share capital $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2017	1,116	(2)	1,114
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 December 2017	1,116	(2)	1,114

30. Significant accounting policies

The separate financial statements of the Company are presented as required in the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

31. Result for the year

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. The company reported no profit for the year ended 31 December 2018 (2017: nil).

The auditors' remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

The Directors of the company are paid by fellow group companies and is included in note 26 to the consolidated financial statements. No recharge is made to the company.

The company has no employees.

Jupiter Midco 1 Limited

Notes to the parent company financial statements
For the year ended 31 December 2018

32. Investment in subsidiaries

	$'000
Cost	
At January 2017	1,116
At 31 December 2017	1,116
Carrying amount	
At 31 December 2017	1,116
Cost	
At January 2018	1,116
Investment in year	8
Carrying amount	
At 31 December 2018	1,124

33. Other investments

	2018 $'000	2017 $'000
Loans receivable carried at amortised cost		
Loans to related parties	31,910	31,662
Total investments	31,910	31,662

The above balance relates to preference shares held in Jupiter Midco 2 Limited, a wholly owned subsidiary of the Company. Interest is payable on these preference shares at a rate of 12% per annum. These shares do not carry voting rights. If the Jupiter Midco 2 Limited was to be liquidated, repayment of the preference shares to the owners and the related accrued interest is prioritised over payments to equity shareholders. Jupiter Midco 2 Limited may redeem these shares at any time on not less than 25 business days' notice in writing to the holders of the Preference Shares. Jupiter Midco 2 Limited shall redeem all of the Preference Shares in issue immediately to an Exit or Default Event. On redemption, the holders will be paid 100% of the issue price and any accrued and/or unpaid preference dividends.

34. Trade and other receivables

	2018 $'000	2017 $'000
Trade and other receivables due within 12 months:		
Amounts owed by group undertakings	325	325
Trade and other receivables due after more than one year:		
Amounts owed by group undertakings	9,211	4,788
	9,536	5,113

The above balance is owed by Jupiter Midco 2, a wholly owned subsidiary of the Company. Amounts due after more than 1 year relate to accrued interest on preference shares in Midco 2 as described in note 33.

35. Trade and other payables

	2018 $'000	2017 $'000
Trade and other payables due within 12 months:		
Amounts owed to group undertakings	327	327
Trade and other payables due after more than one year:		
Amounts owed to group undertakings	9,211	4,788
	9,538	5,115

The above balance is owed to Jupiter Topco Limited, the parent company of Jupiter Midco 1 Limited.

36. Borrowings

	2018 $'000	2017 $'000
Unsecured borrowing		
Preference shares	31,910	31,662

The above balance is owed to Jupiter Topco Limited, the parent of the Company, in the form of preference shares. Interest is payable on these preference shares at a rate of 12% per annum. If the company were to be liquidated, repayment of the preference shares to the owners and the related accrued interest is prioritised over payments to equity shareholders.

37. Share capital

	2018 $'000	2017 $'000
Issued and fully paid:		
973,829 (2017- 966,329) A ordinary shares of $1 each	974	966
150,000 (2017- 150,000) B ordinary shares of $1 each	150	150
	1,124	1,116

A Ordinary Shares carry 1 voting right each whereas B Ordinary Shares do not entitle the owner to any voting rights.

Additionally, the Company has authorised, issued and fully paid $31.9m (2017- $31.7m) redeemable cumulative preference shares of $1 (2017-$1) each classified as liabilities. These shares do not carry voting rights. Further details are provided in note 35. The Company may redeem these shares at any time on not less than 25 business days' notice in writing to the holders of the Preference Shares. The Company shall redeem all of the Preference Shares in issue immediately to an Exit or Default Event. On redemption, the holders will be paid 100% of the issue price and any accrued and/or unpaid preference dividends.

Jupiter Midco 1 Limited

Appendix 1 Related undertakings disclosure

For the year ending 31 December 2018

This forms part of these financial statements.

Jupiter Midco 1 Limited and the Company have investments in the following subsidiary undertakings:

Subsidiary undertaking name	Registered office address	Holding
Jupiter Midco 2 Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%*
Jupiter Holdco Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Experior Group Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Experior Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Qualitest Group UK Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Jupiter Bidco Ltd	Deniv Park, 21d Yagia, Kapayim St, Petach-Tikva, 49130, Israel	100%
Ibase Operations Corp	Greentree Drive, Suite 101, Dover, Delaware 19904 USA	100%
QualiTest Ltd	Deniv Park, 21d Yagia, Kapayim St, Petach-Tikva, 49130, Israel	100%
Electronic Nation LLC	1 Post Rd. 3rd floor, Fairfield, Connecticut, 06824, USA	100%
Ibase Dallas LLC	5068 W Plano Parkway, Plano, TX 75093, USA	100%
Ibase of Fairfield LLC	1 Post Rd. 3rd floor, Fairfield, Connecticut, 06824, USA	100%
TCL Group Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Qualitest Software Testing Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Qualitest Software Testing India Private Ltd	Level 15, Concorde Tower, UB City, 1 Vittal Mallya Road, Bengaluru, Karnataka, 560001, India.	100%
TCL US Corporation	1 Post Rd. 3rd floor, Fairfield, Connecticut, 06824, USA	100%
Qualitest UK 4 Limited	Charta House, 30-38 Church Street, Staines-Upon-Thames, Middlesex, England, TW18 4EP	100%
Qualitest DC Ro S.R.L	Bucuresti Sectorul 1, Strada Diaconu Coresi, Nr. 53, Romania	100%

*Held directly by the Company.